

Acquisition bid, lawsuit and merger

August Technology Corp's board have reviewed a letter from KLA-Tencor Corp in which KLA-Tencor proposed to acquire August Technology in a transaction worth \$11.50 in cash for each share of August Technology's common stock. The letter stated: "We would also be willing to consider using stock as consideration if that would be attractive to you."

Reviewing the proposal, August Technology's board concluded that the proposed merger with Nanometrics Inc provided greater opportunity for growth in value to shareholders than a cash or stock offer at \$11.50/share and therefore reaffirmed its commitment to the proposed transaction with Nanometrics.

"August Technology's board of directors has not changed or modified its recommendation with respect to the Nanometrics merger and the Nanometrics merger agreement remains in effect," said Jeff O'Dell, August Technology's chairman and CEO. "We believe the interest from KLA-Tencor and Rudolph, two of

our competitors, is driven at least in part by recognition of the strong market position the combined August Nanometrics will hold. As we have consistently said, our business is not for sale. We continue to believe that our proposed strategic merger of equals with Nanometrics represents the best opportunity to significantly increase shareholder value over 2005, 2006 and beyond."

The Board further concluded that while it had no interest in considering KLA's cash offer, in order to fulfil its fiduciary obligations, it would investigate the alternative of a transaction in which the consideration to August Technology's shareholders would consist of KLA-Tencor stock at an exchange ratio per share which reflects the intrinsic value of August Technology.

It was the Board's view that several issues, including anti-trust concerns, will need to be considered and resolved before any transaction with KLA-Tencor can be completed.

August Technology will request that KLA-Tencor enter into a

confidentiality agreement having provisions that are no less favourable to August Technology than those contained in the confidentiality agreement between August Technology and Nanometrics. Assuming such a confidentiality agreement is executed, August Technology will explore the proposal from KLA-Tencor.

Since the approach by KLA-Tencor, August Technology and its directors have been named as defendants in a summons and complaint with respect to a purported shareholder class action lawsuit.

The lawsuit was brought in the Minnesota State Court and claims that the directors have breached their fiduciary duties to the company's shareholders in connection with their actions in agreeing to the proposed merger with Nanometrics.

The plaintiff seeks various forms of injunctive relief including an order enjoining the company and the directors from consummating the merger with Nanometrics.

ATC plans to defend against the lawsuit.

Kyma expands GaN portfolio

Kyma Technologies Inc has improved and expanded its GaN substrate product portfolio.

Drew Hanser, Kyma's VP of business development and CTO, said: "Our recently improved product portfolio features both conductive and semi-insulating (SI) GaN substrates, ranging in size and shape from 10 mm x 10 mm squares to full 3 inch diameter rounds, all with dislocation densities below 10^7cm^{-2} (some as low as mid 10^5cm^{-2}) and with much improved surfaces. Our customers can expect rapid realization of high quality epitaxial films. We are also developing 4 inch diameter SI GaN for use in microelectronic device applications. Additionally, we are seeking

out new collaboration partners for select materials and device development efforts."

Kyma offers both conductive (n-type) and SI GaN substrates (see table below for full details).

The standard orientation is Ga-face c-axis with a tolerance of 0.5 degrees. Kyma can also provide off axis orientations on request.

High quality surfaces are now available due to recent improvements in Kyma's polishing process. The GaN substrates are free of sub-surface damage and have typical surface roughness RMS values of less than 0.5nm. Both single and double side polished substrates are available.

EBL manufacturer appoints agent

UHV nano-deposition equipment manufacturer Mantis Deposition has been appointed sales and marketing agent for Crestec Electron Beam Lithography (EBL) equipment in the US and Canada.

Japan's Crestec has provided high resolution EBL systems for industrial and university customers worldwide since 1995. It offers 30keV and 50keV CABL models, which incorporate electron optics column with electrostatic beam control

and closed-loop temperature control. This high beam stability allows high resolution of dense patterns to be written down to 10nm and below.

Crestec systems can also be applied to maskless, mask-making and direct-writing technologies. The ability to fabricate ultra fine patterns will allow the advancement of optical communications, MEMS, sensors, microelectronics, optoelectronics, and nanotechnology.

Substrate Size & Shape

Conductivity

10 mm x 10 mm square	Both n+ and SI
18 mm x 18 mm square	Both n+ and SI
1 inch diameter round	Both n+ and SI
2 inch diameter round	Both n+ and SI
3 inch diameter round	Both n+ and SI